



IRISH LIFE INVESTMENT MANAGERS (ILIM)

The week that was – WEEK 49 (ending 04/12/2015)

"We are not creatures of circumstance; we are creators of circumstance." – Benjamin Disraeli

Irish tax revenues in November alone exceed expectations by nearly €500m – New figures from the Exchequer show returns are €2.94bn ahead of target for the year after another strong set of corporate tax returns and a jump in VAT payments pushed tax receipts €470 million ahead of target for November alone.

Lending to Irish households falls as deposits rise sharply – A Central Bank survey published shows that lending to consumers fell by 2.5% in October on an annual basis. Household deposits rose by €1.1 billion during the month, marking it the largest month-on-month increase in this category since December 2008.

ECB's policy announcement underwhelms markets – The European Central Bank disappointed investors by not increasing the QE programme monthly purchases above the existing €60b. It extended the programme to March 2017 and cut the deposit rate from -0.2% to -0.3% but this was pretty much in line with forecasts.

Euro zone core inflation falls to 0.9% – Figures published by the European Commission's Eurostat show that core inflation, a prices metric that strips out changes for more volatile items such as food and fuel, fell to 0.9% in the year to November, down from 1.1% the previous month. Headline inflation remained at 0.1%.

Fed Chief lays ground for first U.S. interest rate rise since 2006 – U.S. Federal Reserve Chair Janet Yellen said the U.S. economy has "recovered substantially" from the Great Recession and is set for further growth and firmer inflation. She added that there were risks in waiting too long to start normalising policy.

IMF to add Chinese yuan to basket of reserve currencies – The International Monetary Fund announced that from October 1st next year, the Chinese yuan or renminbi will join the dollar, euro, pound and yen in the IMF's SDR (Special Drawing Rights) basket. The yuan will have a weighting of 10.92% in the new basket

The Story of the week: Under new proposals by the Finnish Social Insurance Institution, Finland is considering giving every citizen a tax-free payout of €800 each month. The move is intended to simplify the social security system by replacing all other benefit payments and also encourage more unemployed people to take on temporary work.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2010	2011	2012	2013	2014	2015 YTD (to 04/12)
ISEQ Overall Return	-0.1	2.6	20.5	35.8	16.8	32.8
FTSE 100 TR	12.6	-2.2	10.0	18.7	0.7	-1.4
Euro Stoxx 50 TR	-2.8	-14.1	18.1	21.5	4.0	8.4
S&P 500 TR	15.1	2.1	16.0	32.4	13.7	3.6
Nasdaq Composite	16.9	-1.8	15.9	38.3	13.4	8.6
Nikkei 225	-3.0	-17.3	22.9	56.7	7.1	11.8
MSCI Emerging Markets	11.7	-14.9	13.9	0.9	2.6	-7.3
MSCI World	7.8	-7.6	13.1	26.2	7.7	1.9
Sovereign 10yr Bond Yields (%)	2010	2011	2012	2013	2014	2015 YTD
US	3.3	1.9	1.7	3.0	2.2	2.3
German	3.0	1.8	1.4	1.9	0.5	0.7
UK	3.4	2.0	1.9	3.0	1.9	1.9
Japan	1.1	1.0	0.7	0.7	0.3	0.3
Ireland	9.1	8.4	4.5	3.4	1.3	1.2
Italy	4.8	7.1	4.6	4.1	2.1	1.6
Greece	12.5	31.7	12.7	8.2	9.6	7.7
Portugal	6.6	13.4	6.9	6.1	2.7	2.4
Spain	5.5	5.1	5.4	4.1	1.6	1.7
Central Bank Rates (%)	2010	2011	2012	2013	2014	2015 YTD
ECB	1	1	0.75	0.25	0.05	0.05
Bank of England	0.5	0.5	0.5	0.25	0.50	0.50
US Federal Reserve	0.25	0.25	0.25	0.25	0.25	0.25
Foreign Exchange Rates	2010	2011	2012	2013	2014	2015 YTD
Euro/Dollar (€/\$)	1.34	1.30	1.31	1.37	1.21	1.08
Euro/Sterling (€/£)	0.86	0.83	0.81	0.83	0.78	0.72
Sterling/Dollar (£/\$)	1.56	1.55	1.61	1.65	1.56	1.51
IPD All Property Return (%)	2010	2011	2012	2013	2014	2015 YTD
Ireland	-2.4	-2.4	3.1	12.7	40.1	10.9 (Q 2)
UK	14.5	8.1	2.7	10.7	17.8	6.5 (Q 2)
US	14.8	14.5	5.3	11.4	11.2	7.2 (Q 2)

*Past performance is not a reliable guide to future performance